

Frequently Asked Questions (FAQs)

on Bank Indonesia Regulation No. 10/11/PBI/2008 dated March 31, 2008,
concerning Bank Indonesia Sharia Certificate (SBIS)

Q. What is the background of the issuance of the provisions concerning SBIS?

A. The provisions concerning SBIS are issued to improve the efficacy of monetary policy implementation through open market operations (OMO) based on Sharia Principles in order to support Bank Indonesia's tasks in formulating and implementing monetary policy leading to the achievement of Bank Indonesia's objective in achieving and maintaining the stability of the rupiah.

Q. What is the objective of the issuance of SBIS?

A. The SBIS is issued to become one of OMO instruments in effort of monetary policy implementation based on Sharia Principles.

Q. How is the mechanism of the issuance of SBIS?

A. The SBIS is issued by an auction mechanism.

Q. Which parties are eligible to participate in SBIS auction?

A. Parties eligible to participate in the SBIS auction are Sharia Commercial Banks (BUS), Sharia Divisions (UUS), and brokers acting for and on behalf of BUS or UUS.

Q. What is the requirement for a BUS or UUS to be able to participate in SBIS auction?

A. The BUS or UUS is required to fulfill the requirement of a Financing to Deposit Ratio stipulated by Bank Indonesia

Q. May an SBIS be used as a collateral in Repo SBIS and what is the requirement?

A. Yes. Any BUS or UUS may use SBIS as a collateral to Bank Indonesia by signing up the Agreement on the Collateralization of SBIS in purpose of Repo SBIS in advance.

Q. Is there any fee to be charged for Repo SBIS?

A. Yes. Any Repo SBIS shall be charged a fee.

Q. In what cases will a BUS or UUS be imposed sanctions?

A. Any BUS or UUS shall be imposed sanctions if its SBIS transaction is declared cancelled due to :

- inadequacy of balance in its Demand Deposit Account to fulfill liabilities
- inadequacy of balance in its Securities Account and Demand Deposit Account to

liability ...

fulfill liability of SBIS purchasing transaction settlement.

Q. In what form shall the sanctions be imposed?

A. The sanctions shall be imposed in the form of :

- written warning; and
- financial penalty of 1‰ (one per thousand) of the value of SBIS transaction declared cancelled with a maximum amount of Rp1,000,000,000.00 (one billion rupiah) for each SBIS transaction declared cancelled.

If SBIS transactions by a BUS or UUS are declared cancelled for the third time within 6 (six) months, in addition to the imposition of the abovementioned sanctions, the BUS or UUS shall also be imposed sanctions in the form of :

- temporary termination to participate in SBIS auction in the following week; and
- prohibition of proposition for Repo SBIS for 5 (five) consecutive working days since the imposition of the third written warning on the BUS or UUS.

Q. How is about SWBI which has been issued?

A. Any SWBI issued prior to the enactment of this Bank Indonesia Regulation shall continue to be valid and comply with the provisions in Bank Indonesia Regulation Number 6/7/PBI/2004 dated February 16, 2004, concerning Bank Indonesia *Wadiah* Certificate up to its maturity.

DPM